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Grain and Feed November Update

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Report Highlights:
Russia's grain crop forecast has been lowered to approximately 60 MMT. The grain export ban was extended to July 1st, 2011. Grain prices continue moving up. The domestic trade has begun increasing, and experts forecast it will accelerate in November, 2010.

Production:

Harvest Progress

According to the Ministry of Agriculture (MinAg), as of October 20th, 2010, Russia harvested 62.3 million metric tons (MMT) of grain from 32.9 million hectares. This is 97 percent of total area that may be harvested this year. The October 20th data does not include wheat and barley, as farmers finished harvesting these crops a week ago. Table 1 summarizes the MinAg's data of October 12th and October 20th, 2010. Data was not provided by the MinAg on major crops such as rye and oats. In October, the MinAg began reporting on the harvest of staple food crops in Russia such as buckwheat and millet.

Table 1: Harvest Data by Crops, October 12 and October 20, 2010, and Comparisons with October 12, 2009

	October 12, 2010, MMT	October 20, 2010 MMT	October 12, 2009 MMT	Average yield, as of October 12, 2010, MT/HA	Average yields as of October 20, 2010 MT/HA	Average yield, as of October 12, 2009 MT/HA
Wheat	41,200,000	NA	61,000,000	1.96	NA	2.43
Barley	8,400,000	NA	18,400,000	1.74	NA	2.44
Millet	102,800	NA	147,000	0.67	NA	0.96
Buckwheat	338,400	352,000	320,200	0.69	0.68	0.98
Rice	884,000	1,026,600	688,000	5.78	5.88	5.83
Corn for grain	2,200,000	2,300,000	1,300,000	2.84	2.77	3.51

Source: Russian Ministry of Agriculture: www.mcx.ru

Buckwheat(136,000 hectares), rice (27,000 hectares), and corn for grain(492,000 hectares) comprise most of the remaining areas to be harvested after October 20, 2010.

Table 2: Grain Harvest Data as of October 20, 2010, by Federal Districts, and Comparisons with the 2009 Harvest

	Crop Harvested October 20, 2010 1,000 MT	Crop Harvested October 20, 2009 1,000 MT	Average Yield 2010, MT/HA	Average Yield 2009, MT/HA
Russian Federation	62,309	98,532	1.89	2.38
- Central	10,158	22,327	1.18	3.01
- North-Western	469	677	2.22	2.42
- Southern	19,246	20,212	3.10	3.08
- North-Caucasian	8,034	7,878	3.24	3.06
- Volga Valley	6,721	22,695	1.01	2.04
- Ural	3,459	5,340	1.34	1.58

- Siberian	13,996	18,818	1.52	1.94
- Far-Eastern	227	584	1.17	1.60

Source: ProZerno

2010 Crop

On October 22, 2010, Russian Prime Minister Vladimir Putin reported that the Russian grain crop in 2010 will be approximately 60 MMT. With the current harvest and the carry-over stocks, this will be enough to meet domestic demand. On October 28, 2010, the Russian Agricultural Minister Yelena Skrynnik informed the Federation Council that grain crop will be 60.0 MMT. OAA, FAS Moscow forecasts the total grain crop in Russia to be 60 MMT.

Table 3: OAA, FAS Moscow's PSD Grain Total Forecast for Marketing Year 2010/2011 [i] , in 1,000 Metric Tons, Area in 1,000 Hectares

	Wheat	Barley	Corn	Rye	Oats	Millet	Rice	Other	TOTAL GRAIN
Area Harvested	22,000	4,900	1,300	1,400	3,000	250	200	2,300	35,350
Beginning Stocks	12,519	2,127	167	302	376	0	49	0	15,540
Production	40,800	8,000	3,100	2,300	3,400	180	710	1,050	59,922
MY Imports	1,600	700	1,000	300	0	15	130	50	3,795
TY Imports	1,600	700	1,000	300	0	15	130	0	3,745
TY Imp. from U.S.	0	0	50	0	0	0	5	0	55
Total Supply	54,919	10,827	4,267	2,902	3,776	195	889	1,100	78,875
MY Exports	4,100	300	20	0	0	0	130	0	4,550
TY Exports	4,100	300	20	0	0	0	130	0	4,550
Feed Consumption	23,000	5,850	3,600	100	2,200	20	0	400	35,170
FSI Consumption	23,000	4,000	500	2,700	1,400	175	690	700	33,165
Total Consumption	46,000	9,850	4,100	2,800	3,600	195	690	1,100	68,335
Ending Stocks	4,819	677	147	102	176	0	69	0	5,990
Total Distribution	54,919	10,827	4,267	2,902	3,776	195	889	1,100	78,875
Yield	1.85	1.63	2.38	1.64	1.13	0.72	5.46	0.46	1.70

Source: PSD data for each crop

Winter Sowing 2010

Winter grain sowing was almost complete by October 20, 2010. According to Prime Minister Vladimir Putin, area sown to winter grain this year is almost 4 million hectares less than in the fall 2009 [ii] . Typically the yields of winter grains are higher than the spring grain yields. Even if Russian farmers manage to increase spring sown area by 4 million hectares, the next year's crop may not be high enough to build up carry-over stocks and resume grain exports in MY 2011.

Table 4: Winter Grain Sown Area by Federal Districts, 1,000 Hectares

	October 20, 2010	October 20, 2009	2010 to 2009, %
Russian Federation	13,270	16,843	78.8

- Central	3,614	3,896	92.8
- North-Western	25	54	46.3
- Southern	4,090	5,109	80.0
- North-Caucasian	996	1,546	64.4
- Volga Valley	4,251	5,869	72.4
- Ural	84	105	80.0
- Siberian	209	261	80.0

Source: ProZerno

[i] Marketing years for most of grains produced in Russia begin on July 1, and end on June 30.
[ii] Meeting of the Government on October 22, 2010: http://premier.gov.ru/events/news/12693/

Consumption:

OAA FAS Moscow forecasts grain feed consumption (losses included) at 35 MMT, 5 MMT less than in MY 2009. However, experts consider that the reduction of feed grain will result in a more efficient use of feeds. Besides, experts forecast a decrease in livestock numbers at the small farms and individual households that may result in decreased demand in feeds. Food, seed, and industrial consumption of grain are forecasted at 33 MMT, 2 MMT less than in MY 2009. This decrease is at the expense of industrial consumption, which might be compensated by larger imports of raw materials for the food industry.

Trade:

The Russian government extended the grain export ban to July 1, 2011, but beginning January 2, 2011, wheat and rye flour will be excluded from this moratorium [i]. Some experts forecast that given the tense grain balance in MY 2010, Russia may extend this ban by the end of harvest in October 2011.

According to the Russian Customs data, in July – September 2010 Russia exported 3.3 MMT of wheat, of which only 2,500 metric tons were exported in September. Exports of wheat flour were 20,360 MT (28,504 in grain equivalent), of which shipments in September were 2,360 MT (3,304 in grain equivalent). The total wheat exports may slightly exceed 4 MMT, if wheat flour export increases after December. In addition to the wheat flour, Russia will continue exports of flour and grain for its institutions abroad and for some humanitarian destinations. In July – September 2010 Russia imported only 5,800 MT of wheat, including 2,400 MT of wheat flour in grain equivalent. Experts forecast that wheat imports may increase in winter and spring, but still will not be significant. FAS Moscow forecasts Russian wheat imports in MY 2010 at the maximum to be 1.6 MMT.

Russia exported 266,000 MT of barley in July- August. In MY 2009, Russia began exporting malt with total exports reaching 28,400 MT, an equivalent of approximately 35,500 MT of barley. Malt exports continued at a fast pace in July and August 2010, but decreased in September. Total exports of malt in

July – September 2010 were 10,500 MT, an equivalent of 13,100 MT of barley. FAS Moscow forecasts barley exports in MY 2010 at maximum of 300,000 MT. In MY 2009, Russia imported 11,710 MT of barley and 56,246 MT of malt, an equivalent of 70,300 MT of barley. In July – September 2010, Russia increased imports of barley. Barley imports were 6,960 MT (all malting barley), and imports of malt reached 24,600 MT, an equivalent of 30,750 MT of barley. The imports of malting barley and malt (in barley equivalent) may increase to 0.7 MMT because of the severe shortage of malting barley and needs of the brewing industry in Russia.

In MY 2010, Russia may increase imports of corn to 1.0 MMT for poultry feed (replacing wheat) at the most efficient poultry farms. On the other hand, exports of corn that reached 0.4 MMT in MY 2009 may shrink to 20,000 MT.

FAS Moscow forecasts rice exports to increase by 10,000 MT to 130,000 MT in CY 2011 due to the expected increase in rice production. Despite the overall decrease of Russia's grain supply, imports of rice may continue to decrease and FAS Moscow forecasts it at 130,000 MT in CY 2011.

Russian traders may continue exports of niche crops such as chick-peas, although quantities of these grain and legumes crops will be small.

Russia's total grain exports are forecasted at maximum 4.9 MMT, and grain imports at 3.8 MMT.

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[i] For more information see GAIN RS1062 _Grain and Feed _ Grain Export Ban Extended to July 1 _ Moscow _ Russian Federation _ 10/25/2010

Policy:

In addition to the extension of the grain export ban and the support of the domestic railway transportation of grain [i] , the Russian Government plans to allocate 1 billion rubles ($33 million) for fertilizer subsidies and another 1 billion rubles ($33 million) for spring sowing, including seed purchases. They also continue to support the drought affected provinces, and encourage the state banks to extend repayments of farmers' debts. However, the success of these efforts might not be seen until the end of spring 2011.

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[i] For more information see GAIN report RS1057 _ Grain and Feed _ Grain and Feed October Update _ 10/1/2010

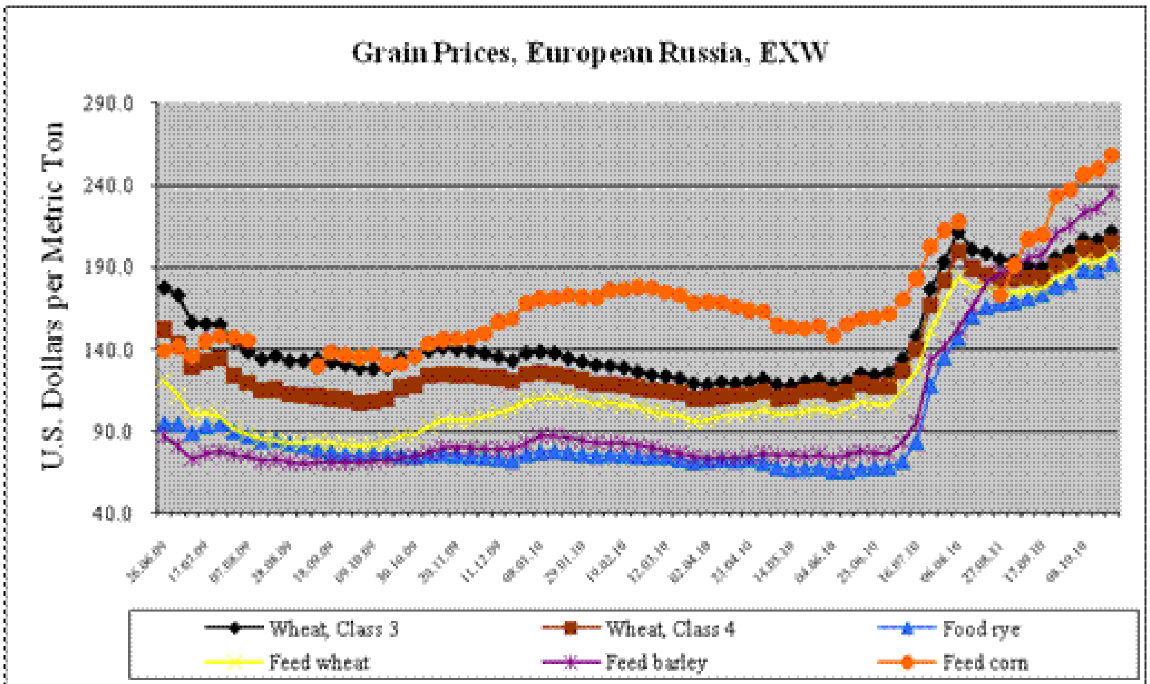
Marketing:

Volumes of domestic grain shipments began increasing in October. According to the First Deputy General Director of a grain shipping company, Rusagrotrans Oleg Rogachev in the first three weeks of October, volumes of shipped grain from the southern provinces increased, compared with September, by 50 percent to 4,639 wagons. From the Siberian provinces, the shipments increased by 37 percent to 3,122 wagons [i] . Grain trading companies have already begun developing new, domestic destinations for grain; and experts expect that domestic trade in grain will speed up in November – December 2010.

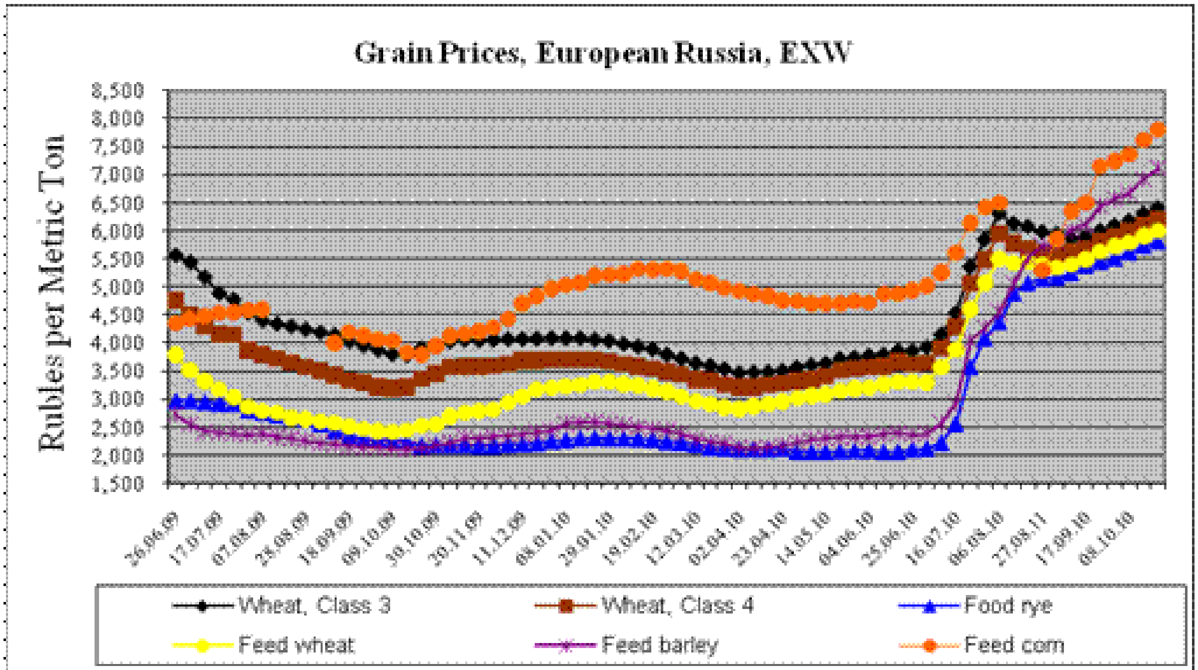
Prices

Grain prices continuedincreasing, which also stimulated the grain sales. Since July 2, 2009, the price of 1 metric ton of milling wheat, Class 3, (European Russia, EXW) increased by 68 percent to 6,400 rubles ($212) on October 22, 2010. The price of milling wheat (Class 4) increased by 70 percent to 6,200 rubles ($205) the price of food rye increased by 174 percent to 5,800 rubles per metric ton ($192). The price of feed wheat increased by 89 percent to 6,000 rubles ($199), the price of feed barley almost tripled that increased by 198 percent to 7,115 rubles per metric ton ($235), and price of corn rose by 56 percent to 7,800 rubles ($258) [ii] .

Graph 1: Grain Prices, European Russia, EXW, U.S. Dollars per Metric Ton



Graph 2: Grain Prices, European Russia, EXW, Rubles per Metric Ton



[i] Vedomosti, October 25, 2010
[ii] Source: ProZerno

Production, Supply and Demand Data Statistics :

PSD, Wheat, 1,000 Metric Tons, Area in 1,000 Hectares

Wheat Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	26,650	26,650	28,700	28,700	26,700	22,000
Beginning Stocks	3,951	1,819	10,561	10,479	11,869	12,519
Production	63,700	63,700	61,700	61,700	42,500	40,800
MY Imports	203	203	164	110	2,000	1,600
TY Imports	203	203	164	110	2,000	1,600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	67,854	65,722	72,425	72,289	56,369	54,919
MY Exports	18,393	18,393	18,556	18,570	3,500	4,100
TY Exports	18,393	18,393	18,556	18,570	3,500	4,400
Feed and Residual	16,200	14,773	19,000	18,200	26,000	23,000
FSI Consumption	22,700	22,077	23,000	23,000	22,000	23,000
Total Consumption	38,900	36,850	42,000	41,200	48,000	46,000
Ending Stocks	10,561	10,479	11,869	12,519	4,869	4,819
Total Distribution	67,854	65,722	72,425	72,289	56,369	54,919
1000 HA, 1000 MT						

PSD, Barley, 1,000 Metric Tons, Area in 1,000 Hectares

Barley Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,600	9,600	9,050	7,750	7,200	4,900
Beginning Stocks	1,025	1,025	3,637	3,637	2,105	2,127
Production	23,100	23,100	17,900	17,875	8,500	8,000
MY Imports	56	56	25	15	600	700
TY Imports	39	50	50	15	600	700
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	24,181	24,181	21,562	21,527	11,205	10,827
MY Exports	3,444	3,444	2,657	2,800	250	300
TY Exports	3,598	3,598	2,000	2,800	250	300
Feed and Residual	12,300	12,300	12,300	12,100	6,000	5,850
FSI Consumption	4,800	4,800	4,500	4,500	4,000	4,000
Total Consumption	17,100	17,100	16,800	16,600	10,000	9,850
Ending Stocks	3,637	3,637	2,105	2,127	955	677
Total Distribution	24,181	24,181	21,562	21,527	11,205	10,827
1000 HA, 1000 MT						

PSD, Corn, 1,000 Metric Tons, Area in 1,000 Hectares

Corn Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,650	1,750	1,100	1,100	1,150	1,300
Beginning Stocks	167	167	287	287	187	167
Production	6,600	6,645	3,950	3,950	3,000	3,100
MY Imports	51	51	150	150	1,000	1,000
TY Imports	51	51	150	150	1,000	1,000
TY Imp. from U.S.	0	0	0	0	0	50
Total Supply	6,818	6,863	4,387	4,387	4,187	4,267
MY Exports	1,331	1,330	400	420	25	20
TY Exports	1,331	1,330	400	420	25	20
Feed and Residual	4,500	4,546	3,300	3,300	3,500	3,600
FSI Consumption	700	700	500	500	500	500
Total Consumption	5,200	5,246	3,800	3,800	4,000	4,100
Ending Stocks	287	287	187	167	162	147
Total Distribution	6,818	6,863	4,387	4,387	4,187	4,267
1000 HA, 1000 MT						

PSD, Rye, 1,000 Metric Tons, Area in 1,000 Hectares

Rye Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,200	2,200	2,150	2,100	1,700	1,400
Beginning Stocks	213	63	297	297	262	302

Production	4,500	4,500	4,300	4,335	2,500	2,300
MY Imports	0	0	0	0	300	300
TY Imports	0	0	0	0	300	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,713	4,563	4,597	4,632	3,062	2,902
MY Exports	16	16	10	10	0	0
TY Exports	14	14	10	10	0	0
Feed and Residual	900	750	825	820	100	100
FSI Consumption	3,500	3,500	3,500	3,500	2,800	2,700
Total Consumption	4,400	4,250	4,325	4,320	2,900	2,800
Ending Stocks	297	297	262	302	162	102
Total Distribution	4,713	4,563	4,597	4,632	3,062	2,902
1000 HA, 1000 MT						

PSD, Oats, 1,000 Metric Tons, Area in 1,000 Hectares

Oats Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,700	3,400	3,350	3,000	3,400	3,000
Beginning Stocks	183	184	581	581	376	376
Production	5,800	5,800	5,400	5,400	4,500	3,400
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5,983	5,984	5,981	5,981	4,876	3,776
MY Exports	2	0	5	5	5	0
TY Exports	2	0	5	5	5	0
Feed and Residual	3,800	3,803	4,000	4,000	3,000	2,200
FSI Consumption	1,600	1,600	1,600	1,600	1,600	1,400
Total Consumption	5,400	5,403	5,600	5,600	4,600	3,600
Ending Stocks	581	581	376	376	271	176
Total Distribution	5,983	5,984	5,981	5,981	4,876	3,776
1000 HA, 1000 MT						

PSD, Millet, 1,000 Metric Tons, Area in 1,000 Hectares

Millet Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	500	500	250	250	500	250
Beginning Stocks	0	0	0	0	0	0
Production	700	710	265	265	200	180
MY Imports	0	0	0	0	0	15
TY Imports	0	0	0	0	0	15
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	700	710	265	265	200	195
MY Exports	0	20	0	0	0	0
TY Exports	0	20	0	0	0	0
Feed and Residual	400	400	90	90	25	20
FSI Consumption	300	290	175	175	175	175
Total Consumption	700	690	265	265	200	195
Ending Stocks	0	0	0	0	0	0
Total Distribution	700	710	265	265	200	195

1000 HA, 1000 MT						

PSD, Rice, 1,000 Metric Tons, Area in 1,000 Hectares

Rice, Milled Russia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	164	160	182	175	190	200
Beginning Stocks	69	69	49	49	49	49
Milled Production	480	480	590	590	650	710
Rough Production	738	738	908	908	1,000	1,092
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	230	230	170	170	150	130
TY Imports	230	230	170	170	150	130
TY Imp. from U.S.	0	2	0	3	0	5
Total Supply	779	779	809	809	849	889
MY Exports	90	90	120	120	100	130
TY Exports	90	90	120	120	100	130
Consumption and Residual	640	640	640	640	680	690
Ending Stocks	49	49	49	49	69	69
Total Distribution	779	779	809	809	849	889
1000 HA, 1000 MT						